

DEBENHAMS

Life made fabulous

25th June 2015

DEBENHAMS PLC TRADING UPDATE

Debenhams plc, the leading international, multi-channel brand, today announces its trading update for the 15 weeks and the 41 weeks to 13th June 2015, and confirms the business is on track to meet full year market expectations.

Financial Highlights

- Group gross transaction value: 15 weeks +0.4%; 41 weeks +1.7%
- Group like-for-like sales: 15 weeks 0.0%; 41 weeks 0.9%
- As previously reported, the New Season Spectacular was brought forward into H1, together with other promotional changes, diluting LFL sales by c.1% over the 15 week period
- Online sales growth: 15 weeks +16.7%; 41 weeks 13.9% as service offer improvements gain traction
- Gross margin guidance for FY15 unchanged; on track to achieve full year profit expectations

Operational Highlights

- Further progress in strategy to drive full price sales reflects continuing adjustments to the promotional calendar, with 3 days less on promotion in the 15 weeks
- Concession trials with new partners including Patisserie Valerie, Chi Kitchen and BHS lighting, to add to the space optimisation trials already under way
- Magasin du Nord maintains good momentum in constant currency
- Five new stores on track to open this Autumn, in Bradford, Wandsworth, Rugby, Beverley and Newport

Michael Sharp, Chief Executive of Debenhams, said:

“We have made good progress on our strategic priorities, and remain on track to deliver results in line with market expectations. During this period we have continued to focus our promotional activity around the events Debenhams is famous for; we have made further improvements to our multi-channel proposition, including more competitive delivery charges; we have commenced further space trials with a number of exciting new partnerships; and have seen continued progress in our international operations, with another strong performance from Magasin.

“Our customers tell us that, whilst they recognise the improving economic background, they remain cautious in their spending. Our wide product choice, clear destination departments and improving service proposition gives us a strong platform from which to deliver long term sustainable growth.”

Performance in the second half to date

In the 15 week period, Group gross transaction value rose by 0.4%, taking the cumulative year-on-year performance to growth of 1.7%.

Changes we have made to our promotional calendar, including the effect of moving the New Season Spectacular into H1, as previously announced, have diluted LFL sales growth over this period by c.1%. The Group has now anniversaried the step change in promotional activity, but the strategy to introduce more clarity into the promotional calendar continues.

Stocks have been tightly controlled and we are on track to deliver a c.5% reduction in full year stock, underpinning the good cash generation we have guided to for FY15.

Online sales have delivered continuing positive momentum in the 15 week period, growing 16.7%, helped by the more competitive service offer, including lower delivery charges, and further improvements to our online presentation.

As part of our space optimisation programme we have embarked on further concession trials, signing agreements with partners and product categories that are new to Debenhams, including BHS Lighting (trailing in two stores), Patisserie Valerie (six stores) and Chi Kitchen, an exclusive Pan-Asian cuisine offer from the owners of Mango Tree, that is opening in our Oxford Street and Birmingham stores. These are in addition to the trials already being rolled out, as highlighted in the half-year results announcement. We remain on track to fill more than 50% of the identified 1m sq ft by April 2016.

Adjusting for the negative currency effect on Group GTV of (2.1%) in the 15 week period (H1: (1.1%)) LFL sales were +2.1% for the 15 weeks and +2.3% for the 41 weeks, as shown in the table below. On a constant currency basis, International sales have shown similar patterns to H1, with Magasin du Nord continuing to deliver good growth helped by a recovering Danish economy.

Percentage change to last year	Q3*	H1	YTD
	%	%	%
Group Gross Transaction Value	0.4	2.3	1.7
Constant currency LFL	2.1	2.4	2.3
Reported LFL	0.0	1.3	0.9

*15 wks

-ENDS-

A conference call for analysts and investors will be held at 8.30am today. To join the call, please dial +44 (0) 20 3427 1918 (UK/Europe) or +1 212 444 0896 (US), PIN 1292626. A recording of the call will be available for seven days on +44 (0) 20 3427 0598 or +1 866 932 5017, PIN 1292626

Enquiries:**Analysts and investors**

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Notes to editors

Debenhams is a leading international, multi-channel brand with a proud British heritage which trades out of over 240 stores across 27 countries. Debenhams gives its customers around the world a unique, differentiated and exclusive mix of own brands, international brands and concessions.

Debenhams has been investing in design for over 20 years through its exclusive Designers at Debenhams portfolio of brands. Current designers include Abigail Ahern, Jeff Banks, Jasper Conran, Sadie Frost and Jemima French, Patrick Grant, Henry Holland, Betty Jackson, Stephen Jones, Ben de Lisi, Todd Lynn, Julien Macdonald, Laura Oakes, Jenny Packham, Ren Pearce and Andrew Fionda, Aliza Reger, John Rocha, Ashley Thomas, Justin Thornton, Eric Van Peterson and Matthew Williamson.